Before the
Federal Communications Commission
Washington, D.C.   20554

In the Matter of	)
	)
Price Cap Regulation of	) CC Docket <u>No. 93-179</u>
Local Exchange Carriers	)
	)
Rate of Return Sharing and	)
Lower Formula Adjustment	)

Comments of the Bell Atlantic Telephone Companies

The Bell Atlantic telephone companies[1] ("Bell Atlantic") urge rejection of the Commission's proposed rulemaking seeking to amend the price cap rules to require add-back of sharing and lower end adjustments.[2]   The proposed rule change would undermine the incentive structure of the price cap system on the eve of an overall evaluation by the Commission.
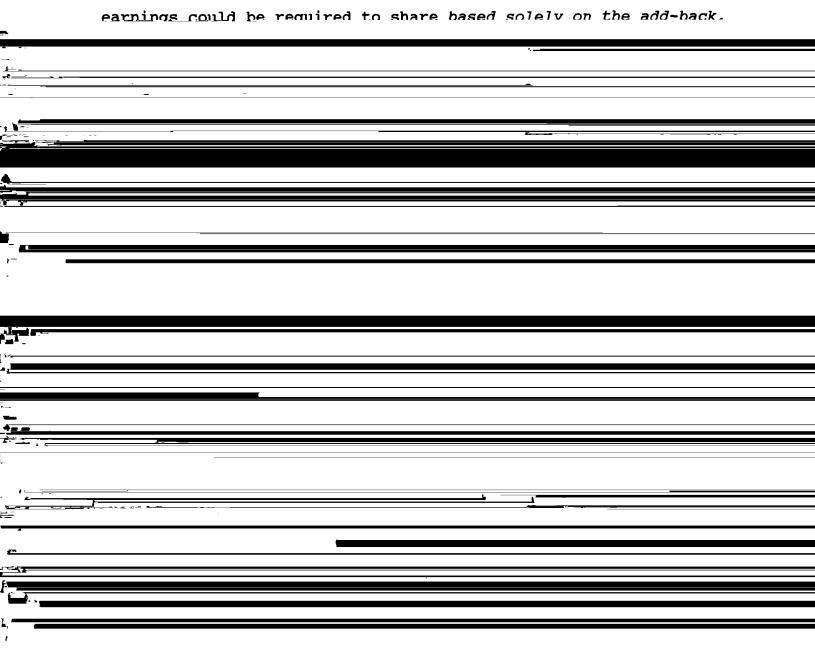
I.   The Proposed Rule Change Will Undermine Price Cap Incentives

Current price cap rules have no requirement for add-back of

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[1]   The Bell Atlantic telephone companies are the Bell Telephone Company of Pennsylvania, the four Chesapeake and Potomac Telephone Companies, the Diamond State Telephone Company, and New Jersey Bell Telephone Company.

[2]   *Price Cap Regulations of Local Exchange Carriers Rate of*

sharing and lower end adjustments.[3] Under the current rules, sharing "operates only as a one time adjustment to a single year's rates, so a LEC would not risk affecting future earnings."[4] The proposed rule change will give sharing a second life by affecting the amount shared in future years.[5] Workpapers 1-1 and 1-2 attached to this document demonstrate how add-back of sharing can cause a single year's sharing to impact a company year after year. A company that would otherwise not be sharing based on its actual earnings could be required to share based solely on the add-back.

deviation and sought to minimize it.[6] By allowing a single year's

sharing to reverberate year after year, a single year's 50% sharing

can result in more than 100% give-back over time.[7] This far

exceeds the minimal intrusion envisioned by the Commission.[8]

The effect is the same with a negative add-back of lower

formula adjustments.[9] In setting the price cap structure, the

Commission rejected the concept of a guaranteed minimum rate of

return:

> A guarantee of earnings at the full level of the
> prescribed rate of return eliminates genuine risk and is
> thus overly favorable to LECs and inimical to this
> [incentive regulation] approach. LECs request that the
> plan accord them an assurance that their earnings will
> not slip below the prescribed rate of return, forgetting
> that this earnings level is a target, not a certainty,
> even under rate of return regulation. The plan gives LECs
> flexibility and the right to retain more of their
> earnings; it balances these opportunities against the
> possibility that LECs might earn less if they fail to
> respond to the incentives provided. LECs are reasonably
> expected to become more efficient in order to earn higher
> profits, or even to maintain their current profits. . . .
> If the formula applies harmfully to any particular LEC,
> the lower adjustment mechanism offers a remedy, while
> still providing an incentive to become more profitable by
> increasing efficiency, not rates.[10]

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[6] *See Policy and Rules Concerning Rates for Dominant Carriers*, Order on Reconsideration, 6 FCC Rcd 2637, ¶ 88 (1991) ("Reconsideration Order") ("We have designed the sharing and adjustment mechanisms to intrude as little as possible on the intended incentives and benefits of the price cap plan, while assuring that LEC rates remain just and reasonable").

[7] *See* Workpaper 1-2, line 18 (attached).

[8] By reducing the earning potential of investment in telecommunications infrastructure, the proposed rule change could drive away investment -- the opposite of the result intended by the Commission. *See* Price Cap Order, ¶ 333.

[9] *See* Workpapers 1-3 and 1-4 (attached).

[10] Reconsideration Order, ¶ 117.

By providing a multi-year compounded benefit, add-back of lower formula adjustments acts as a guarantee that undermines incentives to improve. Workpapers 2-1 and 2-2 compare identical revenue flows with and without exclusion of lower formula adjustments. When lower formula adjustments are excluded (Workpaper 2-2), the compounding affect of the adjustment produces a guaranteed return of almost 10% without any real productivity gain.

II. The Proposed Rule Change is A Major Modification Proposed on the Eve of an Overall Review of the Price Cap System

The Commission mandated an overall performance review of price caps to begin at the start of 1994, just months from now. That review is "calculated to evaluate the system *as implemented*"[11] -- not after substantial modifications. As the Commission recognized, premature adjustments could undermine the price cap incentives.[12] Moreover, the Commission recognized that such adjustments could undermine the review itself. "To provide a fair evaluation of the program, it is also important that the initial period before periodic review and the possibility of major adjustments be long enough for incentives to operate."[13] It is not sensible to make piecemeal modifications of the price cap plan when the overall review could result in structural changes. The Commission's

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[11] Price Cap Order, ¶ 385 (emphasis added).

[12] "Failure to provide a reasonable period of acclimation could result in regulatory ambiguity, and resulting uncertainty, that would effectively stifle the intended incentives." *Id.*, ¶ 386.

[13] *Id.*, ¶ 386.

proposal, which undermines the incentive structure of the price caps, does not meet the "heavy burden"[14] the Commission requires of any interim changes to the price cap system.

III. **The Commission's Numerical Examples in Appendix A are Flawed**

In support of its proposed rule change, the Commission offers a numerical comparison of add-back sharing and a refund. The example suggests that sharing with add-back is more like a refund.[15] The price cap system, however, is a departure from refunds under traditional rate of return regulation. In the Reconsideration Order, the Commission rejected an effort by MCI Telecommunications Corporation ("MCI") to make a similar analogy:

> MCI's argument that because the Commission considers earnings, prescriptions, and refunds on a category or service level under rate of return regulation we should do so under price cap regulation fails to acknowledge the fundamental differences between the two regulatory approaches. MCI seems to assume that because vestiges of rate of return regulation remain within the price cap plan -- as, indeed, the Commission acknowledged they must, at least during the transitional phase -- rate of return regulation should be preserved intact, and applied in tandem with incentive regulation. We reject this assumption.[16]

Moreover, the Commission's example implicitly assumes that LECs will elect to establish prices that result in the API equaling the PCI. Such an assumption ignores the realities of the

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[14] *Amendment of Part 61 of the Commission's Rules*, Memorandum Opinion and Order, 7 FCC Rcd 6632 (1992), ¶ 5.

[15] The example fails to follow the Commission's own

competitive marketplace. As a result of increasing competition,[17] LECs will experience increased market pressure to price below the PCI and not increase rates in a tariff period subsequent to effectuating a sharing adjustment.

The Commission's numerical example of low end adjustment is similarly flawed. In both cases, the Commission attempts to force these one-time adjustments into a rate of return paradigm. Under price caps, fluctuating rates of return are irrelevant,[18] and earnings are not the focus of attention. Price cap incentive regulation is focused on prices and use of market forces to regulate them.[19] The important issue is whether a single year's productivity backstop should have reverberations for years afterwards.

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[17] *See, e.g., Malone Sees Bright Future for Teleport*, MULTICHANNEL NEWS, March 9, 1992, at 1, 48-49 (Tele-Communications Inc. Chief Executive Officer John Malone indicates that cable television firms might be able to capture 20% of local telephone companies' access revenues); *MCI's Roberts Wants Local Exchange Entry Barriers Removed*, TELECOMMUNICATIONS REPORTS, April 26, 1993, at 27 (MCI Chairman Bert Roberts, Jr. is quoted on "positive" signs of local competition and explains that the "countdown has begun"); *see also, Expanded Interconnection with Local Telephone Company Facilities*, Report and Order and Notice of Proposed Rulemaking, 7 FCC Rcd 7369 (1992).

[18] Even under rate of return regulation, the Commission accepted earnings peaks and valleys. *See e.g., Authorized Rates of Return for the Interstate Services of AT&T Communications and Exchange Telephone Carriers*, Memorandum Opinion and Order, 59 RR2d (P&F) 1592, ¶ 34 (1986).

[19] *See* Commissioner Andrew M. Barrett, *Beyond Price Caps: Escaping the Traditional Regulatory Framework*, Address Before the Florida Economic Club (August 27, 1992) ("The Commission started a process by which, over time, competition and the forces of the market would replace the regulator in determining whether prices were just and reasonable").

IV. Credit For Below Cap Rates

Under current rules, a price cap LEC automatically receives "credit" for pricing below Basket PCIs. If sharing is required and the API is less than the PCI, the amount shared need only be the difference between the API and the new PCI, not the full difference between year to year PCIs.[20] If the Commission were to adopt an add-back requirement, the incentive to price below the PCI would be undermined. Previous year's sharing could impact current prices, even for a company pricing below the PCI. At a minimum, the Commission should require only the difference between the old API and the new PCI to be considered sharing for purposes of setting

Conclusion

The proposed rule change is contrary to the purpose and spirit of price caps. Such an alteration should only be made if validated by the overall price cap review. No current change should be approved.

Respectfully submitted,

The Bell Atlantic Telephone Companies

By Their Attorney

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WITHOUT ADD BACK OF PRICE CAP SHARING

(Millions)

Line ITEM	Sources	Year 1 (A)	Year 2 (B)	Year 3 (C)	Year 4 (D)	Year 5 (E)
FORM 492A						
1. Total Revenues	APIs=PCIs	2,616	2,590	2,590	2,590	2,590
2. Total Expenses and Taxes	Productivity - Inflation = 0.0%	2,100	2,100	2,100	2,100	2,100
3. Operating Income (Net Return)	Line 1 - Line 2	516	490	490	490	490
4. Rate Base (Avg Net Invest)		4,000	4,000	4,000	4,000	4,000
5. Earned Rate of Return	(Line 3 / Line 4) x 100	12.90%	12.25%	12.25%	12.25%	12.25%
NO ADD BACK OF SHARING						
6. Sharing Current Calendar Year	Note 2	0	0	0	0	0
7. Sharing (Adjusted for Taxes)	Line 6 x (1-.38) Note 3	0	0	0	0	0
8. Amount of Add Back of Sharing	Line 7 x -1	0	0	0	0	0
9. Net Return (excl add back of sharing)	Line 3 + Line 8	516	490	490	490	490
10. Rate of Return (excl add back of sharing)	(Line 9 / Line 4) x 100	12.90%	12.25%	12.25%	12.25%	12.25%
CALCULATION OF SHARING						
11. Earnings Subject to 50% Sharing	[Line 4 x (Line 10 - 12.25%)] x -1	(26)	0	0	0	0
12. 50% Price Cap Sharing	Line 11 x .5	(13)	0	0	0	0
13. Composite SIT/FIT Taxes	Line 12 x ((0.38) / (1 - 0.38))	(8)	0	0	0	0
14. Interest at 11.25% IS Authorized ROR	(Line 12 + Line 13) x 0.1125	(2)	0	0	0	0
15. Total Price Cap Sharing	Line 12 + Line 13 + Line 14	(23)	0	0	0	0
16. Year 1 Amount Subject to 50% Sharing	Line 15 x 2	(46)				
17. Cumulative Sharing without Add Back	Cumulative Sum of Line 15	(23)	(23)	(23)	(23)	(23)
18. Cumulative % of Year 1 Amount Subject to 50% Sharing	(Line 17 / Line 16, Column A) x 100	50.00%	50.00%	50.00%	50.00%	50.00%

Notes:

1. Assumes sharing and lower formula adjustments are effective mid-year on July 1 for a 12-month tariff period in accordance with Price Cap rules.

2. Line 6 equals zero for no add back of sharing

3. Assumes composite FIT/SIT rate equals 38.0%.

WITH ADD BACK OF PRICE CAP SHARING

(Millions)

Line	ITEM	Sources	Year 1 (A)	Year 2 (B)	Year 3 (C)	Year 4 (D)	Year 5 (E)
	FORM 492A						
1.	Total Revenues	APIs=PCIs	2,616	2,590	2,590	2,590	2,590
2.	Total Expenses and Taxes	Productivity - Inflation = 0.0%	2,100	2,100	2,100	2,100	2,100
3.	Operating Income (Net Return)	Line 1 - Line 2	516	490	490	490	490
4.	Rate Base (Avg Net Invest)		4,000	4,000	4,000	4,000	4,000
5.	Earned Rate of Return	(Ln3 / Ln4) x 100	12.90%	12.25%	12.25%	12.25%	12.25%
	ADD BACK OF SHARING						
6.	Sharing Current Calendar Year	Note 2	0	(12)	(15)	(8)	(7)
7.	Sharing (Adjusted for Taxes)	Line 6 x (1-.38) Note 3	0	(7)	(9)	(5)	(4)
8.	Amount of Add Back of Sharing	Line 7 x -1	0	7	9	5	4
9.	Net Return (incl add back of sharing)	Line 3 + Line 8	516	497	499	495	494
10.	Rate of Return (incl add back of sharing)	(Ln9 / Ln4) x 100	12.90%	12.43%	12.48%	12.37%	12.35%
	CALCULATION OF SHARING						
11.	Earnings Subject to 50% Sharing	[Line 4 x (Line 10 - 12.25%)] x -1	(26)	(7)	(9)	(5)	(4)
12.	50% Price Cap Sharing	Line 11 x .5	(13)	(4)	(5)	(3)	(2)
13.	Composite SIT/FIT Taxes	Line 12 x ((0.38) / (1 - 0.38))	(8)	(2)	(3)	(2)	(1)
14.	Interest at 11.25% IS Authorized ROR	(Line 12 + Line 13) x 0.1125	(2)	(1)	(1)	(0)	(0)
15.	Total Price Cap Sharing	Line 12 + Line 13 + Line 14	(23)	(7)	(9)	(5)	(3)
16.	Year 1 Amount Subject to 50% Sharing	Line 15 x 2	(46)				
17.	Cumulative Sharing with Add Back	Cumulative Sum of Line 15	(23)	(30)	(39)	(44)	(47)
18.	Cumulative % of Year 1 Amount Subject to 50% Sharing	(Line 17 / Line 16, Column A) x 100	50.00%	65.22%	84.78%	95.65%	102.17%

Notes:

1. Assumes sharing and lower formula adjustments are effective mid-year on July 1 for a 12-month tariff period in accordance with Price Cap rules.

2. Calculation of current calendar year sharing
   Line 6, Col A = 0
   Line 6, Col B = Line 15, Col A / 2
   Line 6, Col C = Line 15 (Col A + Col B) / 2
   Line 6, Col D = Line 15 (Col B + Col C) / 2
   Line 6, Col E = Line 15 (Col C + Col D) / 2

3. Assumes composite FIT/SIT rate equals 38.0%.

INCLUDING LOWER FORMULA (LFAM) ADJUSTMENT REVENUES

PRODUCTIVITY - INFLATION CHANGE

(Millions)

Line	ITEM	Sources	Year 1 (A)	Year 2 (B)	Year 3 (C)	Year 4 (D)	Year 5 (E)
	FORM 492A						
1.	Total Revenues	Note 2	2,470	2,503	2,470	2,470	2,470
2a.	Total Expenses and Taxes		2,100	2,093	2,060	2,060	2,060
2b.	Productivity - Inflation Change	Note 3	0.00%	0.33%	1.58%	0.00%	0.00%
3.	Operating Income (Net Return)	Line 1 - Line 2	370	410	410	410	410
4.	Rate Base (Avg Net Invest)		4,000	4,000	4,000	4,000	4,000
5.	Earned Rate of Return	(Line 3 / Line 4) x 100	9.25%	10.25%	10.25%	10.25%	10.25%
	INCLUDING LOWER FORMULA ADJUSTMENT REVENUES						
6.	LFAM Current Calendar Year	Note 4	0	0	0	0	0
7.	LFAM (Adjusted for Taxes)	Line 6 x (1-.38) Note 5	0	0	0	0	0
8.	Net Return (excl LFAM Adjustment)	Line 3 - Line 7	370	410	410	410	410
9.	Rate of Return (incl LFAM Adjustment)	(Line 8 / Line 4) x 100	9.25%	10.25%	10.25%	10.25%	10.25%
	CALCULATION OF LOWER FORMULA ADJUSTMENT						
10.	Earnings Subject to LFAM Adjustment	[Line 4 x (10.25% - Line 9)]	40	0	0	0	0
11.	Composite SIT/FIT Taxes	Line 10 x ((0.38) / (1 - 0.38))	25	0	0	0	0
12.	Total LFAM Adjustment	Line 10 + Line 11	65	0	0	0	0
13.	Cumulative LFAM Adjustments	Cumulative Sum of Line 12	65	65	65	65	65

Notes:

1. Assumes sharing and lower formula adjustments are effective mid-year on July 1 for a 12-month tariff period in accordance with Price Cap rules.

2. Calculation of revenues for the Lower Formula (LFAM) Adjustments and reversals each year.
Line 1, Col A = 2,470.
Line 1, Col B = Line 1, Col A + (Line 12, Col A)/2
Line 1, Col C = Line 1, Col A + (Line 12, Col A)/2 - (Line 12, Col A)/2 + (Line 12, Col B)/2
Line 1, Col D = Line 1, Col A + (Line 12, Col B)/2 - (Line 12, Col B)/2 + (Line 12, Col C)/2
Line 1, Col E = Line 1, Col A + (Line 12, Col C)/2 - (Line 12, Col C)/2 + (Line 12, Col D)/2

3. Calculation of productivity change percentage for expenses and taxes.
Line 2b Column A = 0.0%
Line 2b Col B = [(Line 2a, Col A - Line 2a, Col B) / Line 2a, Col A] x 100
Line 2b Col C = [(Line 2a, Col B - Line 2a, Col C) / Line 2a, Col B] x 100
Line 2b Col D = [(Line 2a, Col C - Line 2a, Col D) / Line 2a, Col C] x 100
Line 2b Col E = [(Line 2a, Col D - Line 2a, Col E) / Line 2a, Col D] x 100

4. Line 6 equals zero for inclusion of lower formula adjustment revenues

5. Assumes composite FIT/SIT rate equals 38.0%.

EXCLUDING LOWER FORMULA (LFAM) ADJUSTMENT REVENUES

PRODUCTIVITY - INFLATION CHANGE

(Millions)

Line	ITEM	Sources	Year 1 (A)	Year 2 (B)	Year 3 (C)	Year 4 (D)	Year 5 (E)
	FORM 492A						
1.	Total Revenues	Note 2	2,470	2,503	2,486	2,494	2,490
2a.	Total Expenses and Taxes		2,100	2,093	2,076	2,084	2,080
2b.	Productivity - Inflation Change	Note 3	0.00%	0.33%	0.81%	-0.39%	0.19%
3.	Operating Income (Net Return)	Line 1 - Line 2	370	410	410	410	410
4.	Rate Base (Avg Net Invest)		4,000	4,000	4,000	4,000	4,000
5.	Earned Rate of Return	(Line 3 / Line 4) x 100	9.25%	10.25%	10.25%	10.25%	10.25%
	EXCLUDING LOWER FORMULA ADJUSTMENT REVENUES						
6.	LFAM Current Calendar Year	Note 4	0	33	49	40	44
7.	LFAM (Adjusted for Taxes)	Line 6 x (1-.38) Note 5	0	20	30	25	27
8.	Net Return (excl LFAM Adjustment)	Line 3 - Line 7	370	390	380	385	383
9.	Rate of Return (excl LFAM Adjustment)	(Line 8 / Line 4) x 100	9.25%	9.75%	9.50%	9.62%	9.59%
	CALCULATION OF LOWER FORMULA ADJUSTMENT						
10.	Earnings Subject to LFAM Adjustment	[Line 4 x (10.25% - Line 9)]	40	20	30	25	26
11.	Composite SIT/FIT Taxes	Line 10 x ((0.38) / (1 - 0.38))	25	12	18	15	16
12.	Total LFAM Adjustment	Line 10 + Line 11	65	32	48	40	42
13.	Cumulative LFAM Adjustments	Cumulative Sum of Line 12	65	97	145	185	227

Notes:

1. Assumes sharing and lower formula adjustments are effective mid-year on July 1 for a 12-month tariff period in accordance with Price Cap rules.

2. Calculation of revenues for the Lower Formula (LFAM) Adjustments and reversals each year.
   Line 1, Col A = 2,470.
   Line 1, Col B = Line 1, Col A + (Line 12, Col A)/2
   Line 1, Col C = Line 1, Col A + (Line 12, Col A)/2 - (Line 12, Col A)/2 + (Line 12, Col B)/2
   Line 1, Col D = Line 1, Col A + (Line 12, Col B)/2 - (Line 12, Col B)/2 + (Line 12, Col C)/2
   Line 1, Col E = Line 1, Col A + (Line 12, Col C)/2 - (Line 12, Col C)/2 + (Line 12, Col D)/2

3. See Workpaper 1-3, Note 3.

4. Calculation of amounts for exlcuding Lower Formula Adjustment revenues.
   Line 6, Col A = 0
   Line 6, Col B = Line 12, Col A / 2
   Line 6, Col C = Line 12 (Col A + Col B) / 2
   Line 6, Col D = Line 12 (Col B + Col C) / 2
   Line 6, Col E = Line 12 (Col C + Col D) / 2

5. Assumes composite FIT/SIT rate equals 38.0%.

INCLUDING LOWER FORMULA (LFAM) ADJUSTMENT REVENUES

PRODUCTIVITY - INFLATION = 0.0%

(Millions)

Line ITEM	Sources	Year 1 (A)	Year 2 (B)	Year 3 (C)	Year 4 (D)	Year 5 (E)
FORM 492A						
1. Total Revenues	Note 1	2,470	2,502	2,476	2,497	2,480
2. Total Expenses and Taxes	Productivity - Inflation = 0.0%	2,100	2,100	2,100	2,100	2,100
3. Operating Income (Net Return)	Line 1 - Line 2	370	402	376	397	380
4. Rate Base (Avg Net Invest)		4,000	4,000	4,000	4,000	4,000
5. Earned Rate of Return	(Line 3 / Line 4) x 100	9.25%	10.05%	9.40%	9.93%	9.50%
INCLUDING LOWER FORMULA ADJUSTMENT REVENUES						
6. LFAM Current Calendar Year	Note 2	0	0	0	0	0
7. LFAM (Adjusted for Taxes)	Line 6 x (1-.38) Note 3	0	0	0	0	0
8. Net Return (excl LFAM Adjustment)	Line 3 - Line 7	370	402	376	397	380
9. Rate of Return (incl LFAM Adjustment)	(Line 8 / Line 4) x 100	9.25%	10.05%	9.40%	9.93%	9.50%
CALCULATION OF LOWER FORMULA ADJUSTMENT						
10. Earnings Subject to LFAM Adjustment	[Line 4 x (10.25% - Line 9)]	40	8	34	13	30
11. Composite SIT/FIT Taxes	Line 10 x ((0.38) / (1 - 0.38))	25	5	21	8	18
12. Total LFAM Adjustment	Line 10 + Line 11	65	13	55	21	48
13. Cumulative LFAM Adjustments	Cumulative Sum of Line 12	65	78	133	154	202

Notes:

1. Assumes sharing and lower formula adjustments are effective mid-year on July 1 for a 12-month tariff period in accordance with Price Cap rules.

2. Calculation of revenues for the Lower Formula (LFAM) Adjustments and reversals each year.
   Line 1, Col A = 2,470.
   Line 1, Col B = Line 1, Col A + (Line 12, Col A)/2
   Line 1, Col C = Line 1, Col A + (Line 12, Col A)/2 - (Line 12, Col A)/2 + (Line 12, Col B)/2
   Line 1, Col D = Line 1, Col A + (Line 12, Col B)/2 - (Line 12, Col B)/2 + (Line 12, Col C)/2
   Line 1, Col E = Line 1, Col A + (Line 12, Col C)/2 - (Line 12, Col C)/2 + (Line 12, Col D)/2

3. Line 6 equals zero to include Lower Formula Adjustment revenues.

3. Assumes composite FIT/SIT rate equals 38.0%.

EXCLUDING LOWER FORMULA (LFAM) ADJUSTMENT REVENUES

PRODUCTIVITY - INFLATION = 0.0%

(Millions)

Line	ITEM	Sources	Year 1 (A)	Year 2 (B)	Year 3 (C)	Year 4 (D)	Year 5 (E)
	FORM 492A						
1.	Total Revenues	Note 2	2,470	2,502	2,493	2,496	2,495
2.	Total Expenses and Taxes	Productivity - Inflation = 0.0%	2,100	2,100	2,100	2,100	2,100
3.	Operating Income (Net Return)	Line 1 - Line 2	370	402	393	396	395
4.	Rate Base (Avg Net Invest)		4,000	4,000	4,000	4,000	4,000
5.	Earned Rate of Return	(Line 3 / Line 4) x 100	9.25%	10.05%	9.80%	9.88%	9.87%
	EXCLUDING LOWER FORMULA ADJUSTMENT REVENUES						
6.	LFAM Current Calendar Year	Note 3	0	32	23	26	25
7.	LFAM (Adjusted for Taxes)	Line 6 x (1-.38) Note 4	0	20	14	16	15
8.	Net Return (excl LFAM Adjustment)	Line 3 - Line 7	370	382	378	379	379
9.	Rate of Return (excl LFAM Adjustment)	(Line 8 / Line 4) x 100	9.25%	9.55%	9.45%	9.48%	9.48%

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Comments of the Bell Atlantic Telephone Companies" was served this 2nd day of August, 1993, by hand delivery to the parties on the attached list.

Jaynemarie Lentlie

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